

The SLD is also sending this information to the applicant for informational purposes. If USAC has determined the applicant is also responsible for any rule violation on these Funding Request Numbers, a separate letter will be sent to the applicant detailing the necessary applicant action.

Please note that if the Funds Disbursed to Date amount is less than the Adjusted Funding Commitment amount, USAC will continue to process properly filed invoices up to the Adjusted Funding Commitment amount. Please note the Funding Commitment Adjustment Explanation in the attached Report. It explains why the funding commitment is being reduced. Please ensure that any invoices that you or the applicant submit to USAC are consistent with program rules as indicated in the Funding Commitment Adjustment Explanation. If the Funds Disbursed to Date amount exceeds the Adjusted Funding Commitment amount, USAC will have to recover some or all of the disbursed funds. The Report explains the exact amount (if any) the service provider is responsible for repaying.

Schools and Libraries Division
Universal Services Administrative Company

cc: LUCY NEAL
LITTLE ROCK SCHOOL DISTRICT

A GUIDE TO THE FUNDING COMMITMENT ADJUSTMENT REPORT

Attached to this letter will be a report for each funding request from your application for which a commitment adjustment is required. We are providing the following definitions.

FUNDING REQUEST NUMBER (FRN): A Funding Request Number is assigned by the SLD to each individual request in your Form 471 once an application has been processed. This number is used to report to applicants and service providers the status of individual discount funding requests submitted on a Form 471.

CONTRACT NUMBER: The number of the contract between the applicant and the service provider. This will be present only if a contract number was provided on Form 471.

SERVICES ORDERED: The type of service ordered by applicant, as shown on Form 471.

BILLING ACCOUNT NUMBER: The account number that you have established with your customer for billing purposes. This will be present only if a Billing Account Number was provided on the Form 471.

ORIGINAL FUNDING COMMITMENT: This represents the original amount of funding that SLD had reserved to reimburse for the approved discounts for this service for this funding year.

COMMITMENT ADJUSTMENT AMOUNT: This represents the amount of funding that SLD has rescinded because of program rule violations.

ADJUSTED FUNDING COMMITMENT: This represents the adjusted total amount of funding that SLD has reserved to reimburse for the approved discounts for this service for this funding year. If this amount exceeds the Funds Disbursed to Date, the SLD will continue to process properly filed invoices up to the new commitment amount.

FUNDS DISBURSED TO DATE: This represents the total funds that have been disbursed for this FRN as of the date of this letter.

FUNDS TO BE RECOVERED FROM SERVICE PROVIDER: This represents the amount of Improperly Funds Disbursed to Date for which the service provider has been determined to be primarily responsible. These improperly disbursed funds will have to be recovered from you, the service provider.

FUNDING COMMITMENT ADJUSTMENT EXPLANATION: This entry provides an explanation of the reason the adjustment was made.

Funding Commitment Adjustment Report
Form 471 Application Number: 341105

Funding Request Number:	1030299
Contract Number:	RFP 23--015
Services Ordered:	INTERNAL CONNECTIONS
Billing Account Number:	12765--3781
Original Funding Commitment:	\$181,536.33
Commitment Adjustment Amount:	\$32,230.47
Adjusted Funding Commitment:	\$149,305.86
Funds Disbursed to Date:	\$172,674.02
Funds to be Recovered from Service Provider:	\$23,368.16

Funding Commitment Adjustment Explanation:

After a thorough review, it was determined that the funding commitment for this request must be reduced by \$32,230.47. During the course of review it was determined that funding was provided for the following ineligible items: Emerson CATV Tuner, Training, Install Classroom software and configure, Install Power Strips, Install Emerson CATV Tuner, related shipping for ineligibles and power strips, and related tax for ineligibles and power strips. The pre-discount cost associated with these items is \$1,007.44, \$10,895.52, \$23,430.00, \$59.40, \$316.88, \$23.52, and \$78.87, respectively, for a total ineligible amount of \$35,811.63. At the applicant's 90 percent discount rate this resulted in an improper commitment of \$32,230.47. FCC rules provide that funding may be approved only for eligible products and/or services. The USAC web site contains a list of eligible products and/or services. See the web site, www.sl.universalservice.org, Eligible Services List. On the SPAC Form, the authorized person certifies at Item 10 that the service provider has billed its customer for services deemed eligible for support. Therefore, SLD has determined that the service provider is responsible for this rule violation. Accordingly, the commitment has been reduced by \$32,230.47 and if the recovery of improperly disbursed funds is required the SLD will seek recovery from the service provider.

**PLEASE SEND A COPY OF THIS PAGE WITH YOUR
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Funding Request Number:	1030354
Contract Number:	RFP 23--015
Services Ordered:	INTERNAL CONNECTIONS
Billing Account Number:	12765--3781
Original Funding Commitment:	\$146,144.75
Commitment Adjustment Amount:	\$22,645.47
Adjusted Funding Commitment:	\$123,499.28
Funds Disbursed to Date:	\$144,954.02
Funds to be Recovered from Service Provider:	\$21,454.74

Funding Commitment Adjustment Explanation:

After a thorough review, it was determined that the funding commitment for this request must be reduced by \$22,645.47. During the course of review it was determined that funding was provided for the following ineligible items: Emerson CATV Tuner, Training, Install Classroom software and configure, Install Power Strips, Install Emerson CATV Tuner, related shipping for ineligibles and power strips, and related tax for ineligibles and power strips. The pre-discount cost associated with these items is \$1,007.44, \$10,895.52, \$12,780.00, \$59.40, \$316.88, \$23.52, and \$78.87, respectively, for a total ineligible amount of \$25,161.63. At the applicant's 90 percent discount rate this resulted in an improper commitment of \$22,645.47. FCC rules provide that funding may be approved only for eligible products and/or services. The USAC web site contains a list of eligible products and/or services. See the web site, www.sl.universalservice.org, Eligible Services List. On the SPAC Form, the authorized person certifies at Item 10 that the service provider has billed its customer for services deemed eligible for support. Therefore, SLD has determined that the service provider is responsible for this rule violation. Accordingly, the commitment has been reduced by \$22,645.47 and if the recovery of improperly disbursed funds is required the SLD will seek recovery from the service provider.

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Funding Request Number:	1030669
Contract Number:	RFP 23--015
Services Ordered:	INTERNAL CONNECTIONS
Billing Account Number:	12765--3781
Original Funding Commitment:	\$177,502.58
Commitment Adjustment Amount:	\$30,952.47
Adjusted Funding Commitment:	\$146,550.11
Funds Disbursed to Date:	\$147,939.80
Funds to be Recovered from Service Provider:	\$1,389.69
Funding Commitment Adjustment Explanation:	

After a thorough review, it was determined that the funding commitment for this request must be reduced by \$30,952.47. During the course of review it was determined that funding was provided for the following ineligible items: Emerson CATV Tuner, Training, Install Classroom software and configure, Install Power Strips, Install Emerson CATV Tuner, related shipping for ineligibles and power strips, and related tax for ineligibles and power strips. The pre-discount cost associated with these items is \$1,007.44, \$10,895.52, \$22,010.00, \$59.40, \$316.88, \$23.52, and \$78.87, respectively, for a total ineligible amount of \$34,391.63. At the applicants 90 percent discount rate this resulted in an improper commitment of \$30,952.47. FCC rules provide that funding may be approved only for eligible products and/or services. The USAC web site contains a list of eligible products and/or services. See the web site, www.sl.universalservice.org, Eligible Services List. On the SPAC Form, the authorized person certifies at Item 10 that the service provider has billed its customer for services deemed eligible for support. Therefore, SLD has determined that the service provider is responsible for this rule violation. Accordingly, the commitment has been reduced by \$30,952.47 and if the recovery of improperly disbursed funds is required the SLD will seek recovery from the service provider.

**PLEASE SEND A COPY OF THIS PAGE WITH YOUR
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Funding Request Number:	1030699
Contract Number:	RFP 23--015
Services Ordered:	INTERNAL CONNECTIONS
Billing Account Number:	12765--3781
Original Funding Commitment:	\$167,528.86
Commitment Adjustment Amount:	\$29,035.47
Adjusted Funding Commitment:	\$138,493.39
Funds Disbursed to Date:	\$158,587.58
Funds to be Recovered from Service Provider:	\$20,094.19

Funding Commitment Adjustment Explanation:

After a thorough review, it was determined that the funding commitment for this request must be reduced by \$29,035.47. During the course of review it was determined that funding was provided for the following ineligible items: Emerson CATV Tuner, Training, Install Classroom software and configure, Install Power Strips, Install Emerson CATV Tuner, related shipping for ineligibles and power strips, and related tax for ineligibles and power strips. The pre-discount cost associated with these items is \$1,007.44, \$10,895.52, \$19,880.00, \$59.40, \$316.88, \$23.52, and \$78.87, respectively, for a total ineligible amount of \$32,261.63. At the applicant's 90 percent discount rate this resulted in an improper commitment of \$29,035.47. FCC rules provide that funding may be approved only for eligible products and/or services. The USAC web site contains a list of eligible products and/or services. See the web site, www.sl.universalservice.org, Eligible Services List. On the SPAC Form, the authorized person certifies at Item 10 that the service provider has billed its customer for services deemed eligible for support. Therefore, SLD has determined that the service provider is responsible for this rule violation. Accordingly, the commitment has been reduced by \$29,035.47 and if the recovery of improperly disbursed funds is required the SLD will seek recovery from the service provider.

**PLEASE SEND A COPY OF THIS PAGE WITH YOUR
CHECK TO ENSURE TIMELY PROCESSING**

Al Hussey
Henkels & McCoy Inc.
515 Huffines Blvd
Lewisville, TX 75056 1306

VIA FAX 973-599-6542

985 JOLLY ROAD • P. O. BOX 950
BLUE BELL, PENNSYLVANIA 19422-0900
(215) 283-7600
Direct Line: 215-283-7714
aseifart@henkels.com

May 20, 2005

Letter of Appeal
Schools & Libraries Division (SLD)
Universal Service Administrative Company (USAC)
Box 125 - Correspondence Unit
80 South Jefferson Road
Whippany, NJ 07981

RE: Little Rock School District
FRN Invoice Numbers: 1030699, 1030354, 1030299, 1030525,
1030669 and 1030636
SPIN Number: 143008784

Dear USAC Customer Service Bureau Representative:

Henkels & McCoy, Inc. ("H&M") is a service provider under RFP 23-015, for the installation of video PBX systems, at several schools of the Little Rock School District. We are writing to appeal the deductions taken on certain invoices, and to request the reasons for such deductions so that we may correct them if possible in order to receive 100% of the invoiced amount. The invoices in question are the following: FRN 1030699 (Brady), FRN 1030354 (Fair Park), FRN 1030299 (Franklin), FRN 1030525 (Rockefeller), FRN 1030669 (Watson) and FRN 1030636 (Wakefield). A breakdown of the subject invoices and the amount of the discrepancies between an invoiced amount and the amount paid by the SLD can be found in Exhibit A, attached hereto.

With respect to each of the subject invoices an E-Rate Funding Commitment Decision Letter was issued, dated May 18, 2004 (for funding year 2003) for an amount that, except in one case, differed by not more than \$2000 less than the H&M Item 21 submitted amount. (See Funding Commitment Letter attached as Exhibit B). On invoice FRN 1030636 (Wakefield) the Funding Commitment Decision Letter amount was approximately \$8300 less, but this is mostly due to a change in scope for the Wakefield School, as described in a revised Funding Commitment Letter, dated November 8, 2004. (See Exhibit C) Nevertheless, H&M performed the approved work relying on the amounts approved by the SLD in the Funding Commitment

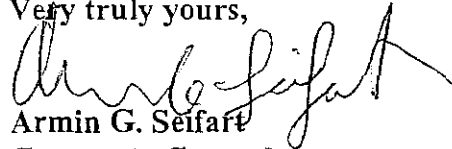
Letters and invoiced the SLD for all completed work and allowed equipment, materials and services.

On May 9, 2005 H&M received ACH payments for invoices and FRN's 1030699, 1030354, 1030299, each being, \$8,941.28, \$1,190.73 and \$8,862.31, respectively, less than the approved Funding Commitment Decision Letter amount. No explanation was provided with the payment or notice received reciting the reason for such deductions. On March 16, 2005 H&M received a check for invoice FRN 1030525, that was \$35,649.57 less than the approved Funding Commitment Decision Letter amount. No explanation was provided with the payment or notice received reciting the reason for such deduction. On February 21, 2005 H&M received checks for invoices FRN 1030636 and FRN 1030669, each being \$94,155.53 and \$29,562.78, respectively, less than the approved Funding Commitment Decision Letter amount. Again, no explanation was provided with the payment or notice received reciting the reason for such deductions. In the case of invoice FRN 1030636, the amount paid by SLD was exactly 50% less than the submitted and approved amount, but no explanation was received for such deduction.

The total of all deductions mentioned above from the May 18, 2004 Funding Commitment Decision Letter approved amounts equal \$178,362.20. H&M in good faith performed work from the approved lists provided for the 2003 funding year under the SLD programs. H&M respectfully requests an opportunity to review the reasons for such large deductions, and in addition, the opportunity to resubmit such invoices with legitimate corrections as allowed and substantiated by additional documentation, language corrections or inspections if necessary. The Little Rock School District has use of and is benefiting from the full value of the H&M work performed, and H&M is entitled to receive full payment for SLD approved equipment, materials or services.

Please contact either Dean Giambrone at 215-283-7730, Al Hussey at 972-512-2922 or me, at the number listed above to discuss these issues further. We appreciate your attention to these important matters.

Very truly yours,



Armin G. Seifart
Corporate Counsel

CC: Sharon Dowdy (EDS)
Lucy Neal (Little Rock SD)
Dean Giambrone, H&M
Al Hussey, H&M
Jim Duffy, H&M



VIA FAX 202-418-0187
AND USPS EXPRESS MAIL

985 JOLLY ROAD • P. O. BOX 950
BLUE BELL, PENNSYLVANIA 19422-0900
(215) 283-7600

Direct Line: 215-283-7714
aseifart@henkels.com

November 29, 2005

FEDERAL COMMUNICATIONS COMMISSION (FCC)
Office of the Secretary
445 12th Street, SW
Washington, DC 20554

RE: REQUEST FOR REVIEW
CC Docket No. 02-6

Schools & Libraries Division (SLD)
Universal Service Administrative Company (USAC)

Billed Entity: Little Rock School District (LRSD)
471 Application Number: 341105
FRN Invoice Numbers: 1030699, 1030354, 1030299, 1030525,
1030669 and 1030636
Vendor SPIN Number: 143008784

Dear FCC Reviewing/Hearing Officer:

Henkels & McCoy, Inc. (H&M) is a service provider under RFP 23-015, for the installation of video PBX systems, at several schools of the LRSD. H&M hereby files a Request for Review of the decision of the SLD/USAC dated September 30, 2005 that "Denied in Full" H&M's appeal of the reduction/denial of H&M's invoices specified above (See Exhibit A). H&M's original Appeal to the SLD/USAC was dated May 20, 2005 (See Exhibit B, without attachments). The stated reason for such denial by the USAC Decision was that our "Form 474 included costs for ineligible products and/or services: Emerson CATV Tuner, Installation of Classroom File Commander and Remote Desktop Software, Power Strips, Little Rock Tax, and End-User Training on Head End that is not directly related to the installation of eligible products." After further examination of the specified invoices and the above denial explanation, the basis for such decision is unclear to us and the calculation of the reduced payment amounts do not coincide with the line items that are deemed to be ineligible. This Request for Review seeks a further explanation and accounting of the method used for determining the reductions in H&M's invoices, in the total amount of \$178,283.23, and moreover,

100% payment for all eligible items as indicated in the Funding Commitment Decision Letters referenced below.

In some cases, we believe a discrepancy and cause for the reductions to the invoices may exist solely due to the words used to describe certain items, which possibly, in a cursory examination may not appear to be an eligible product. We believe that if given an opportunity to identify the specific products or line items that have been deemed ineligible, we would be able to provide valid eligible product descriptive names that are consistent with the FCC rules and the Eligible Services List. We attempted to contact the SLD/USAC for further detailed explanations, but such attempts have gone unheeded. For example: terms used by H&M such as "De-Modulator- CATV Tuners" is a product being utilized to distribute one signal to the classroom for educational purposes, and does not display multiple channels, but rather one preset educational channel to multiple classrooms; "Install Classroom Software and Configure" is considered operational software and a core component of the Safari System which allows system control and only e-rateable items are installed, such as the Safari DMC, which is a media converter; "Head-End Training" is the basic technical training provided to Media Specialists, IT Director and other Network Personnel who will maintain the system functions, operating procedures and upkeep. All of the above are eligible items that should be compensated as provided under the SLD/USAC program rules if installed or performed at the LRSD.

The invoices in question are the following: FRN 1030699 (Brady), FRN 1030354 (Fair Park), FRN 1030299 (Franklin), FRN 1030525 (Rockefeller), FRN 1030669 (Watson) and FRN 1030636 (Wakefield). A breakdown of the subject invoices and the amount of the discrepancies between the invoiced amount and the amount paid by the USAC/SLD is found below in Table 1:

Table 1

FRN	SLD Inv Number	Date Paid	Amount Requested	Amount Approved	Amount Paid	Difference
1030699	535884	May 5, 2005	\$167,986.03	\$167,528.86	\$158,666.55	\$8,862.31
1030354	527374	May 5, 2005	\$146,601.91	\$146,144.75	\$144,954.02	\$1,190.73
1030299	535639	May 5, 2005	\$181,993.49	\$181,536.33	\$172,674.02	\$8,862.31
1030525	501242	March 16, 2005	\$186,984.78	\$186,578.42	\$150,928.85	\$35,649.57
1030636	501903	Feb. 21, 2005	\$224,017.86	\$188,311.05	\$94,155.52	\$94,155.53
1030669	493120	Feb. 21, 2005	\$177,959.75	\$177,502.58	\$147,939.80	\$29,562.78
Total			\$1,085,543.82	\$1,047,601.99	\$869,318.76	\$178,283.23

With respect to each of the subject invoices an E-Rate Funding Commitment Decision Letter was issued, dated May 18, 2004, for funding year 2003 (See Funding Commitment Letter attached as Exhibit C). With respect to invoice FRN 1030636 a revised Funding Commitment Decision Letter was issued and is dated November 8, 2004 (See Revised Funding Commitment Letter attached as Exhibit D). H&M performed the approved work relying on the amounts approved by the SLD/USAC in the Funding Commitment Letters and invoiced the SLD/USAC in a timely manner for all completed and eligible equipment, materials and services.

On May 9, 2005 H&M received ACH payments for invoices and FRN's 1030699, 1030354, 1030299, for amounts less than the approved Funding Commitment Decision Letter amount. No explanation was provided with the payment or notice received reciting the reason for such deductions. On March 16, 2005 H&M received a check for invoice FRN 1030525, which was substantially less than the approved Funding Commitment Decision Letter amount. No explanation was provided with the payment or notice received reciting the reason for such deduction. On February 21, 2005 H&M received checks for invoices FRN 1030636 and FRN 1030669, for amounts substantially less than the approved Funding Commitment Decision Letter amount. Again, no explanation was provided with the payment or notice received reciting the reason for such deductions. In the case of invoice FRN 1030636, the amount paid was exactly \$50% less than the submitted and approved amount, but no explanation was received for such deduction.

H&M in good faith performed work from the eligible product and services lists provided for the 2003 funding year under the SLD/USAC programs. H&M respectfully requests an opportunity to review the reasons for such large deductions, and in addition, the opportunity to resubmit such invoices with legitimate corrections as allowed and substantiated by additional documentation, language corrections or inspections if necessary. The LRSD currently has use of and is benefiting from the full value of the H&M work completed to date, and H&M is entitled to receive full payment for eligible equipment, materials or services. The LRSD has submitted a letter, signed by its Chief Financial Officer, in support of this Request for Review and a copy is attached for your review (See Exhibit E).

In addition, for your information, and indicative of the confusion and lack of clarity of issues on eligible products and their definitions, H&M and the LRSD received a Notification of Commitment Adjustment Letter from the SLD/USAC, dated October 25, 2005 which now requests refunds (of approximately \$66,305.00) by H&M for already disbursed amounts and relating to items on four of the subject invoices (#'s 1030299, 1030354, 1030669 and 1030699) (See Exhibit F). The Notification of Commitment Adjustment Letter will be appealed in a timely manner in a separate document to the SLD/USAC, but deserves mention here as it relates directly to the reasons that merit this

Request for Review, and increases the potential loss to H&M to approximately \$244,588.00 on services and products that were provided in good faith, and in accordance with the Funding Commitment Decision Letters of the SLD/USAC and ultimately the FCC.

We believe that the products and services provided by H&M were eligible products under the SLD's E-Rate Program. H&M should be afforded the opportunity to verify and/or clarify any product or service definitions so they can be consistently applied. Additionally, H&M should receive full compensation for its services as permitted and expected under the approved SLD/USAC Funding Commitment Letters.

Please contact me at 215-283-7714 or aseifart@henkels.com to discuss these issues further. We appreciate your attention to these important matters.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Armin G. Seifart', written over the typed name.

Armin G. Seifart
Corporate Counsel

CC: Lucy Neal (LRSD)

Express

ORIGIN ID: QFWA (215) 283-7616
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HENKELS & MCCOY
985 JOLLY RD

Ship Date: 31MAY06
Actwt: 0.9 LB
System: 0011523/CAFE2308
Account: S *****

BLUE BELL, PA 19422
UNITED STATES US

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FEDERAL COMMUNICATIONS COMMISSION
445 12TH STREET NW

WASHINGTON, DC 20554

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Sdr HENKELS & MCCOY

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